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OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS	DATE	INITIALS
1	D/NFAC	17 MAY 1979	RRB
2			
3			
4	DCI <i>Rec'd 17 May</i>	17 MAY 1979	J/KW
5	<i>D/NFAC</i>		
6			
ACTION	DIRECT REPLY	PREPARE REPLY	
APPROVAL	DISPATCH	RECOMMENDATION	
COMMENT	FILE	RETURN	
CONCURRENCE	INFORMATION	SIGNATURE	

Remarks:

Someone from NSG too?
Yes

105: *Re DCI's notes
enclosed*

18 MAY

FOLD HERE TO RETURN TO SENDER

	ADDRESS AND PHONE NO.	DATE
	Associate Coordinator for Academic Relations, NFAC, 7E48	8 May 79
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ADMINISTRATIVE - INTERNAL USE ONLY

Executive Registry

79-4086

NFAC #2372/79

15 May 1979

MEMORANDUM FOR: Director of Central Intelligence / *[Signature]*
VIA : Deputy Director for National Foreign Assessment
FROM : Associate Coordinator for Academic Relations, NFAC
SUBJECT : Arms Transfer Problems: Need for More Research

1. Action Requested: Approval of this proposal to schedule a discussion/dinner on the above subject. The date of Thursday, 14 June, has been set aside on your calendar for this purpose.

2. Background: The demand for intelligence information and analysis on capabilities for arms production in other OECD countries has been increasing dramatically of late. Reasons include: (1) SALT III discussions of NATO theater nuclear forces, (2) a renewal of concern with how to adjust the NATO-Warsaw Pact balance of military power, and (3) an anticipated review this fall of PD-13 (May 1977), which established our policy of conventional arms transfer restraint. The main focus is on the possible contributions and complications that NATO defense industries create for US defense interests.

3. Indeed, over the past year, growing demand for information on these industries has revealed some important intelligence research gaps. Principally, we have failed to cover adequately questions dealing with: (a) compatibility, complementarity, and competition of West European arms industries with US defense industries, (b) intra-NATO arms transfers and associated problems (standardization, interoperability and rationalization) including co-production arrangements, and (c) NATO defense budgeting insofar as it affects military capability. Additionally, we have and will continue to face requests stemming from policymakers concerned with the problem of how to manage competition for shares of the Third World arms market (\$20 billion annually for the last five years) and how to deal with the proliferation of newly emerging defense industries in the Third World.

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SUBJECT: Arms Transfer Problems: Need for More Research

APPROVED:



Director of Central Intelligence

DISAPPROVED:

Director of Central Intelligence

DATE: 17 MAY 1979

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Action: See DCI's instructions on
last page of the memo.



C/NFAC/AS

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Date 18 May 79